

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

COURSE NAME: FINANCE FOR MANAGERS GSB 5031

COURSE LECTURER: DR. MARTIN KABWE

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AN ANALYSIS OF THE FINANCIAL PERFORMANCE AND POSITION FOR THE ZAMBIA BREWERIES FOR THE 2022 FINANCIAL YEAR.

KEY PERFORMANCE AREAS ANALYZED:

- I.** Profitability
- II.** Liquidity
- III.** Efficiency use of assets
- IV.** Leverage
- V.** Dividend capacity
- VI.** Growth prospects

I. PROFITABILITY RATIOS

- These ratios measure the efficiency of the activities of a firm and its ability to generate profit. Examples includes, profit (net or gross) margin, return on investment, net profit to network, etc.

□ RETURN ON CAPITAL EMPLOYED

2021 K'000

PROFITABILITY RATIOS

- 2022 K'000

PROFITABILITY RATIOS

❑ OPERATING PROFIT MARGIN



PROFITABILITY RATIOS

□ GROSS PROFIT MARGIN

K'000

2021 K'000

2022



= 37.29%

PROFITABILITY RATIOS

□ NET PROFIT MARGIN



PROFITABILITY RATIOS

❑ GROWTH IN SALES

PROFITABILITY RATIOS

RATIOS	2021	2022
RETURN ON CAPITAL EMPLOYED		
OPERATING PROFIT MARGIN		
GROSS PROFIT MARGIN		37.29%
NET PROFIT MARGIN		
GROWTH IN SALES		

LIQUIDITY RATIOS

LIQUID RATIO

- This is the measure of the ability of a company to fulfil its short-term obligations.
- **RULE: 2:1**

• 2021 K' 000

2022 K' 000



ACIDITY RATIOS

- This is aimed at measuring the business's ability to meet its current liabilities should they demand payments simultaneously from its liquid assets.

2021 K' 000

or (1 : 0.269)

2022 K' 000

or (1 : 0.274)

EFFICIENCY RATIOS

• 2021 K'000

2022 K'000

Settlement period for receivables



EFFICIENCY RATIOS

Inventory turnover period

2021 K'000



2022 K'000

EFFICIENCY RATIOS

a. Settlement period for payables

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EFFICIENCY RATIOS

SUMMARY		
RATIO	2021	2022
Settlement Period - Receivables	28 Days	43 Days
Inventory Turnover Period	110 Days	129 Days
Settlement Period - Payables	220 Days	274 Days

LEVERAGE RATIOS

• 2021 K'000

•

a.

2022 K'000

LEVERAGE RATIOS

• 2021 K'000

2022 K'000



DIVIDEND CAPACITY.

• 2021 K'000



2022 K'000



DIVIDEND CAPACITY.



GROWTH PROSPECTS.

2021 K'000

2022 K'000

GROWTH PROSPECTS.

a.

2021 Financial Year:

GROWTH PROSPECTS.

- **2022 Financial Year:**

CONCLUSION

- Considering the above, it is risky for would be investors to throw their monetary resources to Zambia Breweries as it may result in prolonged period of no declaration of dividends as noticed from the previous economic years, 2021/22.